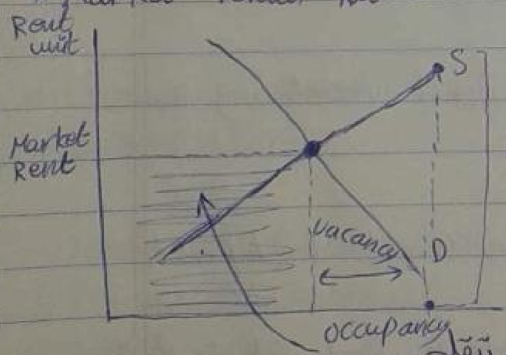
chapter (9) :- Income - Producing properties
1 ~~ese~~ Rent at the Market for space.

* property types :-
1 Residential :- property houses. and Apartment and
2 income producing property :- [1] commercial income producing, and [2] industrial, [3] Recretional, [4] institution.

* Comercial :-
1 offices.
2 Retail.
3 hotel.

3 Mixed.

* Market rental Rate :-
← ملاحظة بتجي بالامتحان .
يفرع دائرة.



→ Existing space. تسمى بـ

* كلما زادت ال vacancy أسعار الشقق تقل.

* Motivating factors :-
1 increase Sales :-
2 Reduce operating cost :- * كلما زادت المبيعات التكلفة راح تقل.

③ Competition sales :- عقارات للمنافسة بين المتقدمين فالإيجار راح يقل.

④ locations will be dominated of with users with similler revenue or operating expense structure.

⑤ locations that are most valued will lead to the greatest density.

⑥ Some locations are completed for by firms that are most cost sensitive ⇒ سعر التكلفة راح يكون أقل.

* مهارات
مالكي العقار
بالإمكانات.

* Risk of Real Estate Business Activity?

① Selecting the right of land and develop the right amount of space.

② leasing that space to many different tenants.

③ hughering personal Collecting Rents maintaining the facility.

④ Finding Financing for the investment development.

⑤ Do way continuous Research about Real Estate Market.

* Real Estate income :

① Market Rent : The price that must be paid by Potential tenent.

② $PVA = PMT(PVIFA_{i,n})$

$32.55 = PMT(PVIFA_{12\%,3})$

$\frac{32.55}{2.402} = PMT\left[\frac{\cancel{2.402}}{\cancel{2.402}}\right]$

$\boxed{PMT = 13.55}$

* Pro-forma cash flow (inflow - outflow) statement :-

Rental income
\+ other income.
\+ Recovering
\- Vacancy ⇒ العقار أو الشقة غير المؤجَّر.
\- collection losses
\- waivers

Effective Gross income. ⇒

* بعد هاي الخطوة نعمل هاي

* Net operating income :-

Effective Gross income
\- operating expenses.
\- Capital Expenditures.

Rent probability owner pay all operating expenses.

2 Modified lease:- non operating expense the tanent Pay Rent lower the owner provids of all service but specific expense.

3 lease with operating expense recoverise:-

a) Single net lease:- the tanent pay rent and pay for all operating expense.

b) Double net, net, net lease:- the tanent Pay rent, and all operating expenses directly, the owner pay taxes and insurance.

c) Triple net, net, net lease :- (single, Double, tax, property and insurance)

d) common area meantenance:- for large development area.

* Effective Rent:-

* Ex: consider the following Rent schedule:-

Year 1 = \$12 / square foot. Rate of Return = 12%

Year 2 = \$14 / square foot.

Year 3 = \$15 / square foot.

1 compute PV of Rent stream:-

$C_0 = 0$

$C_1 = \$12$

$C_2 = 14$

$C_3 = 15$

$$PV = \frac{12}{(1.12)^1} + \frac{14}{(1.12)^2} + \frac{15}{(1.12)^3}$$

$$= \boxed{32.58}.$$

More

Edit

① name of party.
② date
③ length.
④ base rent → الأيجار المتفق عليه

Deposits.
Condition.
allow use of property (Restriction on occupancy)
Restriction subbletting.
use of common area and facility.
responsibility for mentain and repay.
lease Renewal option.
Construction of any expantion.

* lease income :- أنواعه :
1 Flat Rent :- no rent change over lease term.

2 Step up Rent :- Specified Rent increases at specified time.

3 Indexed Rent :- a period Rent adjustment will CPI index.

4 % lease :- Rent partially based concerns.

* Leases and Expenses :-
1 Gross leases or full service lease tenant pay's only

* Factors for Market Rent :-

① outlook for national economic.

* national economic: ① number of firms doing business in Area.
② number of employees.
③ the amount of space.
④ income level of family.
⑤ cost.
⑥ credit liquidity.

{2} vacancy tenant turnover.

{3} Observation :-
- cash flow.
- net operating income.
- operating cash flow.

* Leases :- تتكون من :-
[1] owner (losser). [2] tenant (lessee)

* underwriting tenants :-
① financial statement.
② Credit rating.
③ Relationships.
④ Existing obligations.

More

Edit